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September 15, 2006

Mr. Charles L. A. Terreni  
Chief Clerk/Administrator  
South Carolina Public Service Commission  
Synergy Business Park, The Saluda Building  
101 Executive Center Drive  
Columbia, South Carolina 29210

2006-289-C

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2006 SEP 15 PM 4:30  
SC PUBLIC SERVICE  
COMMISSION

**Re: West Carolina Rural Telephone Cooperative, Inc.  
Alternative Regulation Plan Pursuant to S.C. Code  
Ann. § 58-9-576**

Dear Mr. Terreni:

Enclosed for filing on behalf of West Carolina Rural Telephone Cooperative, Inc., please find an original and ten (10) copies of an Alternative Regulation Plan. Also enclosed is the Affidavit of David J. Herron, and a proposed notice of filing for this matter.

Please clock in a copy of this filing and return it to us by our courier.

Thank you for your assistance.

Very truly yours,



Margaret M. Fox

MMF/rwm  
Enclosures

cc: E. Shannon Butler  
David J. Herron  
Florence P. Belser, Esquire

**WEST CAROLINA RURAL TELEPHONE COOPERATIVE, INC.**  
**ALTERNATIVE REGULATION PLAN**  
**PURSUANT TO S.C. CODE ANN. § 58-9-576**

Filed September 15, 2006  
Effective October 16, 2006

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1. Introduction

Pursuant to S.C. Code Ann. § 58-9-576(A), any local exchange carrier ("LEC") may elect to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described in S.C. Code Ann. § 58-9-576(B), provided the Public Service Commission of South Carolina ("Commission") has approved a local interconnection agreement in which the LEC is a participant with an entity determined by the Commission not to be affiliated with the LEC. The Commission has approved such an agreement for West Carolina Rural Telephone Cooperative, Inc. ("West Carolina"), and West Carolina hereby elects to have the rates, terms, and conditions of its services determined pursuant to the alternative regulation plan described herein (the "Plan"), which conforms with the plan described in S.C. Code Ann. § 58-9-576(B).

In its regular agenda session on August 30, 2006, the Commission approved an interconnection agreement between West Carolina and Charter Fiberlink SC – CCO, LLC ("Charter"). An Affidavit of David J. Herron is being filed with this Plan to certify that West Carolina is not affiliated with Charter.

The Plan described herein is in lieu of other forms of regulation including, but not limited to, rate of return or rate base monitoring or regulation.

2. Effective Date

The effective date of the Plan is October 16, 2006, which is not sooner than thirty days after filing with the Commission notice of election of the Plan. The Plan will apply to all local services offered by West Carolina that are regulated by the Commission.

3. The Plan

- a. As of September 15, 2006, the date of notice of election of the Plan, existing rates, terms, and conditions for the services provided by West Carolina contained in West Carolina's then-existing tariffs and contracts are considered just and reasonable.
- b. West Carolina is a "small LEC" for purposes of S.C. Code Ann. § 58-9-576(B)(3). S.C. Code Ann. § 58-9-10(14) defines "small LEC" to mean a "rural telephone company" as defined in the federal Telecommunications Act of 1996.

- c. Although West Carolina is a “small LEC” for purposes of S.C. Code Ann. § 58-9-576(B)(3), West Carolina’s flat-rated local exchange services for residential and single-line business customers are currently priced at the statewide average local service rates for those services, weighted by number of access lines, as shown in West Carolina’s local service tariff on file with the Commission. Therefore, the requirements of S.C. Code Ann. § 58-9-576(B)(3) and (4) are not waived for West Carolina, and West Carolina’s residential and single-line business rates shall be frozen for a period of two years from the date of election of this Alternative Regulation Plan and, after the expiration of the two-year period, may be adjusted on an annual basis pursuant to an inflation-based index.
- d. West Carolina will set rates for all other services on a basis that does not unreasonably discriminate between similarly situated customers. All such rates are subject to a complaint process for abuse of market position in accordance with Commission rules and procedures.
- e. Except when exempted by law, West Carolina will file tariffs for price changes or new services with respect to its local exchange services (including residential and single-line business services) that set out the terms and conditions of the services and the rates for such services. Tariffs will be presumed valid and become effective seven days after filing for price decreases and fourteen days after filing for price increases and new services.
- f. As provided for in S.C. Code Ann. § 58-9-576(B), the Plan applies in lieu of rate of return or rate base regulation. Thus, the procedures set forth above for changes in rates are to be used in lieu of traditional rate-of-return procedures for determining rates, terms, and conditions for service, as found in S.C. Code Ann. §§ 58-9-510 through –570 and in 26 Code Ann. Regs. 103-834(A)(3).